

Message Text

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PAGE 01 STATE 173825

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FM SECSTATE WASHDC

TO AMEMBASSY BRIDGETOWN PRIORITY

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AMEMBASSY VIENNA PRIORITY

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PAGE 02 STATE 173825

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FOLLOWING SENT ASUNCION, BELGRADE, BERN, BOGOTA, BONN, BRASILIA,
JULY 23, FROM SECSTATE RPTD TO YOU:

QUOTE LIMITED OFFICIAL USE STATE 173825

E.O. 11652:N/A

TAGS: EFIN, IDB

SUBJECT: IDB CAPITAL REPLENISHMENT

REF: STATE 172340

1. SEVERAL PHRASES WERE OMITTED FROM THE END OF PARA. 1
AND THE BEGINNING OF PARA. 2 IN REFTEL.

2. PARAS. 1 AND 2 SHOULD READ IN THEIR ENTIRETY AS FOLLOWS:

(1) SUMMARY - AT A SPECIAL MEETING ON JULY 9 THE BOARD OF
GOVERNORS OF THE INTER-AMERICAN DEVELOPMENT BANK (IDB)
APPROVED A PROPOSAL FOR A RECORD DOLS. 6.2 BILLION REPLEN-
ISHMENT OF THE IDB DURING THE PERIOD 1976-79.
IMPLEMENTATION OF THE REPLENISHMENT BY THE IDB MEMBER
NATIONS WILL HELP THE BANK TO EXPAND ITS LENDING PROGRAM BY
ABOUT 7 PERCENT ANNUALLY IN REAL TERMS, OR TO
APPROXIMATELY DOLS. 1,800 MILLION IN 1978 COMPARED TO
DOLS. 1,111 MILLION IN 1974. SEVERAL OF THE MOST DEVELOPED
LATIN COUNTRIES RESPONDED POSITIVELY TO A U.S. PROPOSAL
TO TAKE AN IMPORTANT STEP TOWARD BURDEN SHARING BY
AGREEING TO MAKE CONVERTIBLE ALL OR PART OF THEIR
CONTRIBUTION TO THE SOFT-TERM WINDOW FSO. PROJECTED U.S.

PARTICIPATION OF DOLS. 2,250 MILLION IS SIGNIFICANTLY
LARGER THAN IN ANY PREVIOUS REPLENISHMENT AND AFFIRMS
STRONG U.S. COMMITMENT TO HELP FINANCE ECONOMIC AND
SOCIAL DEVELOPMENT IN LATIN AMERICA. EXECUTIVE BRANCH
PLANS TO SUBMIT TO THE CONGRESS AUTHORIZING LEGISLATION
ON THE REPLENISHMENT IN NEAR FUTURE. PROPOSALS FOR
EXPANSION OF MEMBERSHIP AND LENDING TO THE CARIBBEAN
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PAGE 03 STATE 173825

DEVELOPMENT BANK WERE FORWARDED TO THE CONGRESS IN EARLY
JULY. CONGRESSIONAL ACTION ON REPLENISHMENT, MEMBERSHIP,
AND IDB PROPOSALS IS ANTICIPATED BEFORE THE END OF
CY 1975 - END SUMMARY.

(2.) THE MAJOR ACCOMPLISHMENT OF THE REPLENISHMENT
NEGOTIATIONS IN SANTO DOMINGO MAY 19-21, PARIS JUNE 10-11,
AND BILATERAL DISCUSSIONS WITH KEY FINANCE MINISTRIES WAS

THE AGREEMENT BY ARGENTINA, BRAZIL, MEXICO, VENEZUELA,
AND TRINIDAD AND TOBAGO TO REFRAIN FROM BORROWING

CONVERTIBLE CURRENCIES FROM THE SOFT-TERM FUND FOR SPECIAL
OPERATIONS (FSO) DURING THE REPLENISHMENT PERIOD AND TO
MAKE CONVERTIBLE ALL OR PART OF THEIR REPLENISHMENT
CONTRIBUTIONS TO FSO. THESE CONVERTIBLE CONTRIBUTIONS
WILL TOTAL DOLS. 118 MILLION DURING THE PERIOD 1976-78
AND ADDED TO DOLS. 50 MILLION PLEDGED BY CANADA AND
DOLS. 600 MILLION BY THE U.S. GIVE A GRAND TOTAL OF
CONVERTIBLE CURRENCY CONTRIBUTIONS TO THE FSO OF DOLS. 768
MILLION. VENEZUELA WAS ESPECIALLY FORTHCOMING. IT WILL
CONTRIBUTE DOLS. 60 MILLION OR APPROXIMATELY ONE-HALF OF
THE LATIN CONVERTIBLE CURRENCY CONTRIBUTIONS TO THE FSO.
IN ADDITION, IT AGREED TO MAKE CONVERTIBLE APPROXIMATELY
DOLS. 100 MILLION EQUIVALENT OF BOLIVARES ALREADY IN THE
FSO. ALSO VENEZUELA ESTABLISHED EARLIER THIS YEAR A
DOLS. 500 MILLION TRUST FUND FOR ADMINISTRATION BY THE
IDB.

3. THE REST OF REFTTEL IS CORRECT AS TRANSMITTED. KISSINGER
UNQUOTE. KISSINGER

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